

INDEPENDENT AUDITOR'S REPORT

To The Members of **FIRST MERIDIAN BUSINESS SERVICES PRIVATE LIMITED**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **FIRST MERIDIAN BUSINESS SERVICES PRIVATE LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2021 and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021 and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's report but does not include the Consolidated financial statements, Standalone financial Statements and our auditor's report thereon.

- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.


Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit on the standalone financial statements we report, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books of accounts.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) Reporting on the adequacy of Internal Financial Control Over Financial Reporting of the Company and the operating effectiveness of such controls, under section 143(3)(i) of the Act is not applicable in view of the exemption available to the Company in terms of the notification no. G.S.R. 583(E) dated 13 June 2017 issued by the Ministry of Corporate Affairs, Government of India, read with general circular No. 08/2017 dated July 25, 2017.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

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- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)


Mukesh Jain

Partner
Membership No. 108262
UDIN: 21108262AAAATN7242

Place: Mumbai
Date: September 29, 2021

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ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.


(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i) (c) of the Order is not applicable.
- ii. The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
- iii. The Company has not granted any loans, secured or unsecured, during the year, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of making investments. The company has not granted any loans during the year or provided any guarantees.
- v. According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits, to which provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 apply.
- vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 and hence reporting under clause (vi) of the order is not applicable.
- vii. According to the information and explanations given to us, in respect of statutory dues:
 - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
 - b. There are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
 - c. There are no dues of Income-tax, Goods and Service Tax, cess and other material statutory dues as on March 31, 2021 on account of disputes.
- viii. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

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- xi. The Company is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. The Company is a private company and hence the provision of Section 177 and second proviso to Section 188(1) of the Companies Act, 2013 are not applicable to the Company. The Company has complied with the other provisions of Section 188 of the Companies Act, 2013, where applicable, as regards the transactions with related parties. In our opinion and according to the information and explanations given to us, the Company has disclosed the details of the related party transactions in the financial statements as required by the applicable accounting standards.
- xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)


Mukesh Jain
Partner

Membership No. 108262
UDIN: 21108262AAAATN7242

Place: Mumbai
Date: September 29, 2021

| Particulars | Note No. | As at March 31, 2021 | As at March 31, 2020 |
|--|----------|----------------------|----------------------|
| Assets | | | |
| 1 Non-current assets | | | |
| a. Property, plant and equipment | 3 | 70.57 | 80.18 |
| b. Right-of-use asset | 27 | 87.41 | 123.55 |
| c. Other intangible assets | 4 | 7.49 | 10.59 |
| e. Financial assets | | | |
| i. Investment in subsidiaries | 5 | 28,170.49 | 25,194.58 |
| ii. Loans and advances | 6 | 175.00 | 571.00 |
| iii. Others financial assets | 7 | 58.37 | 39.09 |
| f. Non-current tax assets (net) | | 43.76 | 45.25 |
| g. Other non-current assets | 11 | 0.80 | - |
| Total non-current assets | | 28,613.89 | 26,064.24 |
| 2 Current assets | | | |
| a. Financial Assets | | | |
| i. Trade receivables | 8 | 215.38 | 205.61 |
| ii. Cash and cash equivalents | 9 | 152.19 | 120.89 |
| iii. Other bank balances | 10 | 2,212.84 | 4,712.05 |
| iv. Other financial assets | 7 | 122.41 | 1.27 |
| b. Other current assets | 11 | 61.92 | 105.84 |
| Total current assets | | 2,764.74 | 5,145.66 |
| Total assets | | 31,378.63 | 31,209.90 |
| Equity and liabilities | | | |
| Equity | | | |
| a. Equity share capital | 12 | 7,221.91 | 7,221.91 |
| b. Other equity | 13 | 23,538.38 | 23,467.14 |
| Total Equity | | 30,760.29 | 30,689.05 |
| Liabilities | | | |
| 1 Non-Current liabilities | | | |
| a. Financial liabilities | | | |
| i. Lease liability | 27 | 64.51 | 102.61 |
| b. Provisions | 15 | 58.54 | 14.96 |
| Total current liabilities | | 123.05 | 117.57 |
| 2 Current liabilities | | | |
| a. Financial liabilities | | | |
| i. Trade payables | 26 | - | - |
| Total outstanding dues to micro enterprises and small enterprises | | | |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 103.63 | 61.00 |
| ii. Lease liability | 27 | 38.10 | 32.55 |
| iii. Other financial liabilities | 14 | 241.78 | 259.79 |
| b. Provisions | 15 | 42.22 | 16.74 |
| c. Other current liabilities | 16 | 69.54 | 33.20 |
| Total current liabilities | | 495.27 | 403.28 |
| Total liabilities | | 618.32 | 520.85 |
| Total Equity and Liabilities | | 31,378.63 | 31,209.90 |

Significant Accounting Policies


The accompanying notes form an integral part of financial statements

In terms of our report attached of even date

For Deloitte Haskins & Sells LLP

Chartered Accountants

FRN: 117366W/W-100018


Mukesh Jain
Partner
Membership No.: 108262


Date: September 29, 2021
Place: Mumbai




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For and on behalf of the Board of Directors of
First Meridian Business Services Private Limited


Sudhakar Balakrishnan
Director
DIN - 00062956


Nilay Pratik
Director
DIN - 07692750

Satish Srinivasan
Chief Financial Officer


Monal Pramod Joshi
Company Secretary

Date: September 29, 2021
Place: Mumbai



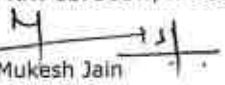
FirstMeridian Business Services Private Limited
Statement of profit and loss for the year ended March 31, 2021
All amounts are ₹ in Lakhs unless otherwise stated

| | Particulars | Note No. | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|------|--|----------|-----------------------------------|-----------------------------------|
| I | Revenue from operations | 17 | 1,888.59 | 1,039.08 |
| II | Other Income | 18 | 237.26 | 376.27 |
| III | Total Income (I + II) | | 2,125.85 | 1,415.35 |
| IV | Expenses | | | |
| | Employee benefits expense | 19 | 1,706.66 | 1,107.04 |
| | Finance costs | 20 | 18.02 | 14.10 |
| | Depreciation and amortisation expense | 21 | 62.76 | 60.66 |
| | Other expenses | 22 | 373.57 | 442.21 |
| | Total expenses (IV) | | 2,161.01 | 1,624.01 |
| V | Loss before tax (III - IV) | | (35.16) | (208.66) |
| VI | Tax expenses | | - | - |
| VII | Loss for the year (V - VI) | | (35.16) | (208.66) |
| VIII | Other comprehensive income | | | |
| | <u>Items that will not be reclassified to profit or loss</u> | | | |
| | - Remeasurements of the defined benefit plans | | 4.54 | (4.59) |
| IX | Total comprehensive loss for the year (VII + VIII) | | (30.62) | (213.25) |
| | Earnings per equity share | 24 | | |
| | Basic and diluted (₹) | | (0.05) | (0.29) |

Significant Accounting Policies
The accompanying notes form an Integral part of financial statements

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In terms of our report attached of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
FRN: 117366W/W-100018



Mukesh Jain
Partner
Membership No.: 100262

For and on behalf of the Board of Directors of
First Meridian Business Services Private Limited


Sudhakar Balakrishnan
Director
DIN - 00062956


Nilay Pratik
Director
DIN - 07692750


Satish Srinivasan
Chief Financial Officer


Monal Pramod Joshi
Company Secretary

Date: September 29, 2021
Place: Mumbai

Date: September 29, 2021
Place: Mumbai



FirstMeridian Business Services Private Limited
Statement of Cashflows for the year ended March 31, 2021
All amounts are ₹ in Lakhs unless otherwise stated

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Cash flows from operating activities | | |
| Loss for the year | (35.16) | (208.66) |
| Adjustments for: | | |
| Expense on employee stock option scheme | 77.58 | 47.99 |
| Interest expense | 11.20 | 14.10 |
| Depreciation and amortisation | 62.76 | 60.66 |
| Interest income | (233.54) | (376.27) |
| Operating Loss before working capital changes | (117.16) | (462.18) |
| Movements in working capital: | | |
| (Increase) / Decrease in assets : | | |
| Trade receivables | (9.77) | (117.24) |
| Other financial assets | (17.40) | (11.35) |
| Other assets | 67.38 | 91.49 |
| Increase/ (Decrease) in liabilities: | | |
| Other current liabilities | 36.34 | 3.58 |
| Other financial liabilities | (18.01) | 179.07 |
| Provisions | 64.52 | 18.18 |
| Trade payables | 48.73 | (101.63) |
| Cash used in operations | 54.63 | (400.08) |
| Income taxes paid | 1.50 | (11.27) |
| Net cash used in operating activities | 56.13 | (411.35) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipments & Intangibles | (13.91) | (9.54) |
| Long-term investment: | | |
| - Equity Infusion in Subsidiaries | (2,975.92) | - |
| - Loan repaid by Subsidiaries | 571.00 | 1.00 |
| - Advance against purchase of shares | (175.00) | - |
| Balance in Fixed Deposits | 2,499.21 | (333.02) |
| Interest on loan to Subsidiaries | 15.38 | 51.39 |
| Interest income on fixed deposits with banks | 98.16 | 582.37 |
| Net cash generated from investing activities | 18.92 | 292.20 |
| Cash flows from financing activities | | |
| Payment of lease liability | (43.75) | (41.67) |
| Net cash used in financing activities | (43.75) | (41.67) |
| Net increase in cash and cash equivalents | 31.30 | (160.82) |
| Cash and cash equivalents at the beginning of the year | 120.89 | 281.71 |
| Cash and cash equivalents at the end of the year (refer note 9) | 152.19 | 120.89 |

Significant Accounting Policies

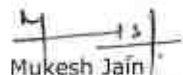
The accompanying notes form an Integral part of financial statements

In terms of our report attached of even date

For Deloitte Haskins & Sells LLP

Chartered Accountants

FRN: 117366W/W-100018



Mukesh Jain

Partner

Membership No.: 108262




Date: September 29, 2021

Place: Mumbai

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For and on behalf of the Board of Directors of
First Meridian Business Services Private Limited



Sudhakar Balakrishnan
Director

DIN - 00062956


Nilay Pratik
Director

DIN - 07692750


Satish Srinivasan
Chief Financial Officer


Monali Pramod Joshi
Company Secretary

Date: September 29, 2021

Place: Mumbai



FirstMeridian Business Services Private Limited
Statement of Changes in Equity for the year ended March 31, 2021
All amounts are ₹ in Lakhs unless otherwise stated

a Equity share capital

| Particulars | No. of shares | Amount |
|---|--------------------|-----------------|
| Balance as at April 01, 2019 | - | - |
| Changes in equity share capital during the year | 722,191,340 | 7,221.91 |
| Balance as at March 31, 2020 | 722,191,340 | 7,221.91 |
| Changes in equity share capital during the year | - | - |
| Balance as at March 31, 2021 | 722,191,340 | 7,221.91 |

b Other equity

| Particulars | Reserves & surplus (refer note 13) | | | Total |
|-------------------------------------|-------------------------------------|-------------------|----------------------|------------------|
| | Securities premium | Retained earnings | Share based payments | |
| Balance as at April 01, 2019 | 24,643.61 | (1,018.08) | - | 23,625.53 |
| Other comprehensive loss | - | (4.59) | - | (4.59) |
| (Loss)/Profit for the year | - | (208.66) | - | (208.66) |
| Share based payments | - | - | 54.86 | 54.86 |
| Balance as at March 31, 2020 | 24,643.61 | (1,231.33) | 54.86 | 23,467.14 |
| Other comprehensive income | - | 4.54 | - | 4.54 |
| (Loss)/Profit for the year | - | (35.16) | - | (35.16) |
| Share based payments | - | - | 101.86 | 101.86 |
| Balance as at March 31, 2021 | 24,643.61 | (1,261.95) | 156.72 | 23,538.38 |

Significant Accounting Policies

The accompanying notes form an Integral part of financial statements

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In terms of our report attached of even date

For Deloitte Haskins & Sells LLP

Chartered Accountants

FRN: 117366W/W-100018



Mukesh Jain

Partner


Membership No.: 108262

Date: September 29, 2021

Place: Mumbai



For and on behalf of the Board of Directors of
First Meridian Business Services Private Limited


Sudhakar Balakrishnan

Director

DIN - 00062956


Satish Srinivasan

Chief Financial Officer

Date: September 29, 2021

Place: Mumbai




Nilay Pratik

Director

DIN - 07692750


Monali Pramod Joshi

Company Secretary

1. Corporate Information;

FirstMeridian Business Services Private Limited (the "Company" or "FMB") was incorporated on February 20, 2018, as a private limited company under the Companies Act, 2013 (the "Act") for providing management advisory services and staffing services. The Company is a subsidiary of Manpower Solutions Limited (Mauritius) with effect from June 26, 2018. The registered office of the Company is located at 3rd Floor, Unit No.5, Ferns Icon, Outer Ring Road, Marathalli, Bangalore Urban, Karnataka, 560 037.

2. Basis of preparation, measurement and significant accounting policies

2.1 Basis of preparation and measurement

a. Statement of compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereto issued by Ministry of Corporate Affairs under section 133 of the Companies Act, 2013. In addition, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment. These financial statements have been approved for issue by the Board of Directors at its meeting held on September 29, 2021.

b. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- i. Expected to be realised or intended to be sold or consumed in normal operating cycle.
- ii. Held primarily for the purpose of trading.
- iii. Expected to be realised within twelve months after the reporting period, or
- iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- i. It is expected to be settled in normal operating cycle.
- ii. It is held primarily for the purpose of trading
- iii. It is due to be settled within twelve months after the reporting period, or
- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.



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A handwritten signature in blue ink, possibly reading "Srinivas".

A handwritten signature in blue ink, possibly reading "Srinivas".

2.1 Basis of preparation and measurement (Continued..)

b. Current versus non-current classification (Continued..)

Deferred tax assets and liabilities are classified as non-current assets and liabilities. Advance tax paid is classified as non-current assets.

c. Presentation of financial statements

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Statement of Cash Flows has been prepared and presented in accordance with Ind AS 7 "Statement of Cash Flows". The disclosures with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards as amended.

Amounts in the financial statements are presented in Indian Rupee in Lakhs rounded off to two decimal places as permitted by Schedule III to the Act. Per share data are presented in Indian Rupee to two decimals places.

d. Operating cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act 2013. Based on the nature of services and the time taken between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of the classification of assets and liabilities into current and non-current.

e. Basis of measurement

The Company maintains its accounts on accrual basis following historical cost convention, except for certain assets and liabilities that are measured at fair value in accordance with Ind AS. Fair value measurements are categorised as below based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

- (i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;
- (ii) Level 2 inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly; and
- (iii) Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

Above levels of fair value hierarchy are applied consistently and generally, there are no transfers between the levels of the fair value hierarchy unless the circumstances change warranting such transfer.



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MP



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2.1 Basis of preparation and measurement (Continued..)

f. Use of estimates and judgements

In preparing these Standalone financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively in the Standalone Statement of Profit and Loss in the year in which the estimates are revised and in any future periods affected.

The areas involving critical estimates or judgements are:

- i. Determination of useful lives of property, plant and equipment and intangibles; (Note 2.2(a))
- ii. Recognition and measurement of provisions and contingencies; (Note 2.2(f))
- iii. Fair value of financial instruments (Note 2.2 (d))
- iv. Impairment of financial assets (Note 2.2 (d))
- v. Measurement of defined benefit obligations; (Note 2.2(i))
- vi. Fair valuation of employee share options; (Note 2.2(i))

2.2 Significant accounting policies

a. Property plant and equipment

Recognition and measurement:

Items of property, plant and equipment, other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is carried at cost and is not depreciated. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes (after deducting trade discounts and rebates), any directly attributable costs of bringing the asset to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized.

Subsequent expenditure:

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Company and that the cost of the item can be reliably measured.



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2.2 Significant accounting policies (Continued..)

a. Property plant and equipment (Continued..)

The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repair and maintenance are charged to the statement of profit and loss during the reporting year in which they are incurred.

Depreciation:

Depreciation on property, plant and equipment, other than leasehold improvements, is provided under the straight-line method in the manner prescribed under Schedule II of the Act, except in the following case where the life is different than as indicated in Schedule II of the Act which is based on the technical evaluation of useful life carried out by the management:

| Particulars | Economic Useful Life of property, plant and equipment (Years) |
|----------------------|---|
| Computer | 3 |
| Office Equipment | 5 |
| Furniture & Fixture* | 5 |

*Useful lives of furniture & fixtures is lower than those indicated in Schedule II to the Companies Act, 2013 based on management estimate and technical assessment made by a technical expert.

Leasehold improvements are depreciated over the tenure of lease term.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

b. Intangible assets

Goodwill

Goodwill that arises on a business combination is subsequently measured at cost less any accumulated impairment losses.

Other Intangible assets:

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Internally generated intangibles, excluding eligible development costs are not capitalized and the related expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred.



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2.2 Significant accounting policies (Continued..)

b. Intangible assets (Continued..)

Amortization

Goodwill is not amortised and is tested for impairment annually.

Amortization is calculated to write off the cost of intangible assets using the straight-line method over their estimated useful lives, and is recognized in profit or loss.

c. Impairment of non-financial assets

The Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an individual asset (or where applicable, that of cash generating unit (CGU) to which the asset belongs) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or CGU).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

d. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts.

Initial recognition and measurement

Financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instrument. All financial assets other than those measured subsequently at fair value through profit and loss, are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.



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2.2 Significant accounting policies (Continued..)

d. Financial Instruments (Continued..)

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in following categories:

- Amortized cost,
- Fair value through profit (FVTPL)
- Fair value through other comprehensive income (FVTOCI)

on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Amortized cost :

A financial instrument is measured at the amortized cost if both the following conditions are met:

The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Investment in subsidiaries

Subsidiaries are those entities which the Company has the power to control if the (a) the Company has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns.

Investment in subsidiary is shown at cost less impairment. When an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of profit or loss. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

Fair value through profit and loss ('FVTPL'):

All financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss with all changes recognized in the Standalone Statement of Profit and Loss. Interest (basis EIR method)



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2.2 Significant accounting policies (Continued..)

d. Financial Instruments (Continued..)

Income from financial assets at fair value through profit or loss is recognised in the Standalone statement of profit and loss within finance income/ finance costs separately from the other gains/ losses arising from changes in the fair value.

Fair value through Other Comprehensive Income ('FVOCI')

Financial assets are measured at FVOCI if both the following conditions are met:

The asset is held within a business model whose objective is achieved by both

- collecting contractual cash flows and selling financial assets and
- contractual terms of the asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

After initial measurement, these assets are subsequently measured at fair value. Dividends, Interest income under effective interest method, foreign exchange gains and losses and impairment losses are recognized in the Standalone statement of Profit and Loss. Other net gains and losses are recognized in other comprehensive Income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a Company of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

The contractual rights to receive cash flows from the financial asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

- (a) the Company has transferred substantially all the risks and rewards of the asset, or
- (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVOCI) and equity instruments (measured at FVTPL) are recognized in the Standalone Statement of Profit and Loss. Gains and losses in respect of debt instruments measured at FVOCI and that are accumulated in OCI are reclassified to profit or loss on de-recognition.



2.2 Significant accounting policies (Continued..)

d. Financial instruments (Continued..)

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on the financial assets measured at amortized cost and debt instruments measured at FVOCI.

Loss allowances on trade receivables are measured following the 'simplified approach' at an amount equal to the lifetime ECL at each reporting date. In respect of other financial assets, the loss allowance is measured at 12 month ECL only if there is no significant deterioration in the credit risk since initial recognition of the asset or asset is determined to have a low credit risk at the reporting date.

Financial liabilities

Initial recognition and measurement

Financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue.

Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial liabilities.

Financial Liabilities at Fair Value through Profit or Loss (FVTPL):

A financial liability is classified as Fair Value through Profit or Loss (FVTPL) if it is classified as held-for trading or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in Standalone statement of Profit and Loss.

Financial Liabilities at amortized cost:

After initial recognition, financial liabilities other than those which are classified as FVTPL are subsequently measured at amortized cost using the effective interest rate ("EIR") method.

Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The amortization done using the EIR method is included as finance costs in the Standalone Statement of Profit and Loss



2.2 Significant accounting policies (Continued..)

d. Financial instruments (Continued..)

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Standalone statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

e. Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet and cash flow statement includes cash at bank, cash, cheque, draft on hand and demand deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value.

f. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the enterprise has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognized as finance cost.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized till the realization of the income is virtually certain. However the same are disclosed in the Standalone financial statements where an inflow of economic benefit is probable.



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2.2 Significant accounting policies (Continued..)

g. Revenue recognition

The Company derives revenue primarily from staffing, recruitment and other services.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over goods or service to a customer. The method for recognizing revenues and costs depends on the nature of the services rendered.

Revenue on time-and-material contracts are recognized as the related services are rendered and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

Revenue from fixed-price, fixed time frame contracts, where the performance obligations are satisfied overtime and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Revenues in excess of invoicing are classified as contract assets (referred to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (referred to as income received in advance).

a) Staffing Services:

Revenue from staffing services i.e salary and incidental expenses along with service charges is recognised upon transfer of control of promised products or services to customers at an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

b) Recruitment and other services

Revenue from permanent recruitment services, temporary recruitment services, skills and development, regulatory services and payroll is recognized on accrual basis on performance of the services agreed in the contract with the customers.

h. Other income

Interest income

For all debt instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate which exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset. When calculating the EIR the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayments,



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2.2 Significant accounting policies (Continued..)

h. Other income (Continued..)

extensions, call and similar options); expected credit losses are considered if the credit risk on that financial instrument has increased significantly since initial recognition.

Dividend Income

Dividends are recognised in the statement of profit and loss on the date on which the Company's right to receive payment is established.

Other Income

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

i. Employee benefits

(i). Short-term Employee benefits

Liabilities for wages and salaries, bonus and ex gratia including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are classified as short term employee benefits and are recognized as an expense in the Standalone statement of profit and loss as the related service is provided.

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The obligation is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method.

A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Post-Employment Benefits

Defined Contribution Plans:

A defined contribution plan is a post-employment benefit plan under which a Company pays specified contributions to a separate entity and has no obligation to pay any further

amounts. The Company makes contribution to provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 and Employee State Insurance. Contribution paid or payable in respect of defined contribution plan is recognized as an expense in the year in which services are rendered by the employee.



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2.2 Significant accounting policies (Continued..)

i. Employee benefits (Continued..)

Defined Benefit Plans:

The Company's gratuity benefit scheme is a defined benefit plan. The liability is recognised in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gain losses and past service costs. The defined benefit/obligation are calculated at balance sheet date by an independent actuary using the projected unit credit method.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI).

(ii) Share-based payments

The cost of equity settled transactions is determined by the fair value at the grant date which is based on the Black Soles model. The grant date fair value of options is recognized as an employee expense with a corresponding increase in equity under 'Employee Stock Options Reserve' over the period that the employees become unconditionally entitled to the options. The expense is recorded separately for each vesting option of the award as if the award in substance, was multiple awards.

When the terms of an equity-settled aware are modified, the minimum expense recognised in the expense had not been modified, if the original terms are met. An additional expense is recognised for any modification that increase the fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

j. Leases

As a Lessee:

The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- i. the contact involves the use of an identified asset
- ii. the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- iii. the Company has the right to direct the use of the asset.

The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases



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2.2 Significant accounting policies (Continued..)

j. Leases (Continued..)

(defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more

representative of the time pattern in which economic benefits from the leased asset are consumed.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The lease liability is initially measured at amortized cost at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the standalone statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.



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2.2 Significant accounting policies (Continued..)

j. Leases (Continued..)

The right-of-use assets are presented as a separate line in the statement of financial position. The right-of-use assets are initially recognized at cost which comprises of the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

k. Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

l. Income-tax

Income tax expense /income comprises current tax expense /income and deferred tax expense /income. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in Other Comprehensive Income. In which case, the tax is also recognized directly in equity or other comprehensive income, respectively.



2.2 Significant accounting policies (Continued..)

I. Income-tax (Continued..)

Current tax

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the year and any adjustment to the tax payable or recoverable in respect of previous years. It is measured at the amount expected to be paid to (recovered from) the taxation authorities using the applicable tax rates and tax laws.

- Current tax assets and liabilities are offset only if, the Company has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purpose and the amount considered for tax purpose.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized such reductions are reversed when it becomes probable that sufficient taxable profits will be available.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be recovered.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the end of the reporting year.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

- i) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.



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2.2 Significant accounting policies (Continued..)

m. Foreign currency

Foreign currency transactions:

Foreign currency transactions are recorded on initial recognition in the functional currency using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Exchange differences arising on the settlement or translation of monetary items are recognized in profit or loss in the year in which they arise.

n. Dividend

The Company recognizes a liability for any dividend declared but not distributed at the end of the reporting year, when the distribution is authorized and the distribution is no longer at the discretion of the Company on or before the end of the reporting year.

o. Earnings per share:

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive securities in any of the years presented.

p. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. Cash flows for the year are classified by operating, investing and financing activities.

q. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) as defined in Ind AS-108 'Operating Segments' for allocating resources and assessing performance. The Company operates in one reportable business segment i.e. "Staffing services". The Company presently caters to only domestic market i.e. India and hence there is no revenue from external customers outside India.

r. Recent Pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II



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2.2 Significant accounting policies (Continued..)

r. Recent Pronouncements (Continued..)

which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standard) Rules 2015 are:

Balance Sheet

- ❖ Lease liabilities should be separately disclosed under the head "financial liabilities", duly distinguished between current and non-current.
- ❖ Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of current reporting period.
- ❖ Specified format for disclosure of shareholding of promoters.
- ❖ Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible assets under development.
- ❖ If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- ❖ Specific disclosure under 'additional regulatory requirement' such as compliance with approved scheme of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial positions (KMP) and related parties, details of benami properties etc.

Statement of profit and loss

Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of standalone financial statements.

The amendments are extensive, and the Company will evaluate the same to give effect to them as required by law.

Covid-19 pandemic related uncertainty:

Refer Note 31 in respect of disclosure relating to likely impact of Covid-19 on the future cash flows and going concern assessments made by the management.



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3 Property, plant and equipment

| Description of assets | Leasehold Improvements | Computers | Office Equipments | Furniture & Fixtures | Total |
|--|------------------------|--------------|-------------------|----------------------|---------------|
| Balance as at April 01, 2019 | 44.50 | 12.58 | 46.91 | 2.46 | 106.45 |
| Additions for the year | - | 2.04 | 0.58 | - | 2.62 |
| Balance as at March 31, 2020 | 44.50 | 14.62 | 47.49 | 2.46 | 109.07 |
| Additions for the year | - | 3.92 | 0.27 | 7.25 | 11.44 |
| Balance as at March 31, 2021 | 44.50 | 18.54 | 47.76 | 9.71 | 120.51 |
| Depreciation | | | | | |
| Accumulated depreciation as at April 01, 2019 | 4.22 | 1.91 | 2.70 | 0.11 | 8.94 |
| Depreciation expense for the year | 8.92 | 4.63 | 6.15 | 0.25 | 19.95 |
| Accumulated depreciation as at March 31, 2020 | 13.14 | 6.54 | 8.85 | 0.36 | 28.89 |
| Depreciation expense for the year | 8.90 | 5.13 | 6.78 | 0.25 | 21.05 |
| Accumulated depreciation as at March 31, 2021 | 22.04 | 11.67 | 15.63 | 0.61 | 49.94 |
| Net carrying amount as at March 31, 2021 | 22.46 | 6.87 | 32.13 | 9.10 | 70.57 |
| Net carrying amount as at March 31, 2020 | 31.36 | 8.08 | 38.64 | 2.10 | 80.18 |

4 Other intangible assets

| Description of assets | Software Rights |
|--|-----------------|
| Balance as at April 01, 2019 | 8.61 |
| Additions for the year | 6.93 |
| Balance as at March 31, 2020 | 15.54 |
| Additions for the year | 2.47 |
| Balance as at March 31, 2021 | 18.01 |
| Accumulated depreciation as at April 01, 2019 | 0.48 |
| Amotization expense for the year | 4.47 |
| Accumulated depreciation as at March 31, 2020 | 4.95 |
| Amotization expense for the year | 5.57 |
| Accumulated depreciation as at March 31, 2021 | 10.52 |
| Net carrying amount as at March 31, 2021 | 7.49 |
| Net carrying amount as at March 31, 2020 | 10.59 |



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5 Investments in subsidiaries

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|--|----------------------|------------------|----------------------|------------------|
| | Qty. (no.) | Amount | Qty. (no.) | Amount |
| Unquoted Investments (all fully paid) | | | | |
| Investments in equity instruments (at cost) | | | | |
| (a) Affluent Global Services Private Limited (refer note 5.2 below) | | | | |
| Equity Shares of the face value of 10/- each fully paid-up | 8,439 | 6,456.91 | 7,527 | 6,456.91 |
| (b) Innovsource Facilities Private Limited (refer note 5.3 below) | | | | |
| Equity Shares of the face value of ₹ 10/- each fully paid-up | 4,889,999 | 933.06 | 4,889,999 | 933.06 |
| (c) Innovsource Services Private Limited (refer note 5.3 below) | | | | |
| Equity Shares of the face value of ₹ 10/- each fully paid-up | 115,329,999 | 12,549.94 | 115,329,999 | 12,549.94 |
| (d) V5 Global Services Private Limited (refer note 5.1 below) | | | | |
| Equity Shares of the face value of ₹ 10/- each fully paid-up | 739,166 | 7,155.58 | 562,348 | 5,254.67 |
| (e) CBSI Asia Pacific Private Limited (refer note 5.4 below) | | | | |
| Equity Shares of the face value of ₹ 10/- each fully paid-up | 507,864 | 1,075.00 | - | - |
| Total investments | | 28,170.49 | | 25,194.58 |

5.1 During the previous year 2018-19, the Company had acquired 76% of equity shares in V5 Global Services Private Limited (V5) and has acquired the remaining 24% shares in the current financial year.

5.2 During the previous year 2018-19, the Company had acquired 73% of equity shares in Affluent Global Services Private Limited (Affluent) and in the current year, as per the settlement agreement dated August 17, 2020, 8.33% of the shares were transferred from the existing shareholders to the Company. Further, the Company is committed to acquire the remaining shares in Affluent at a future date as per the respective shareholder's agreement.

The call option and the written put option over the shares of Affluent are to be exercised at 'X' multiple of EBITDA. The agreed multiple of EBITDA are near to its approximate fair value, therefore the option value is estimated to be insignificant to the financial statements as a whole. Accordingly, no adjustment has been made in the financial statements.

5.3 For Financial Year 2019-2020

In respect of the cost of Investments in Innovsource Services and Innovsource Facilities, an additional amount of ₹ 3.30 Crore per sponsor for two sponsors is payable at a future date. However the management is of the view that considering that certain related conditions are not yet fulfilled completely, a reasonable estimate of amount to be paid cannot be determined and hence this amount is not being considered as a part of the purchase consideration.

For Financial Year 2020-2021

In respect of the cost of Investments in Innovsource Services and Innovsource Facilities, an additional amount of ₹ 3.30 Crore per sponsor for two sponsors is waived off as per waiver agreement dated October 18, 2020 with both sponsors.

The Company has during the period ended September 30, 2020, acquired 100% shareholding of CBSI India Private Limited (CBSI) at ₹ 1175 lakhs. However, as per the share purchase agreement, the consideration of Rs. 100 lakhs is subject to continuation of one of the senior management of the CBSI till September 20, 2021. Since, the said executive had resigned on January 15, 2021, the purchase consideration has been adjusted accordingly.



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6 Loans and advances

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|----------------------|----------------------|
| Non-Current | | |
| Unsecured, considered good | | |
| Loans to related parties (refer note 30.3) | - | 571.00 |
| Advance against share purchase* (refer note 5.2) | 175.00 | - |
| Total | 175.00 | 571.00 |

* As per the advance agreement dated October 31, 2020, the Company has made a payment of ₹ 175 lakhs to one of the shareholder, which would be adjusted against the acquisition of remaining shares of Affluent at a future date as per the respective shareholder's agreement.

7 Other financial assets

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|----------------------|----------------------|
| Non-Current | | |
| Unsecured, considered good | | |
| Deposit for premises | 34.10 | 32.23 |
| Receivable from related parties (refer note 30.2) | 24.27 | 6.86 |
| Total | 58.37 | 39.09 |
| Current | | |
| Unsecured, considered good | | |
| Interest accrued on loans to related parties (refer note 30.3) | - | 1.27 |
| Interest accrued on fixed deposits | 22.41 | - |
| Other receivable (refer note 5.4) | 100.00 | - |
| Total | 122.41 | 1.27 |

8 Trade receivables

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------------|----------------------|
| Outstanding for a period less than six months | | |
| Unsecured, considered good | 215.38 | 205.61 |
| Total | 215.38 | 205.61 |

Note: The average credit period is 45-90 days. No interest is charged on trade receivables.

9 Cash and cash equivalents

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------------|----------------------|
| Balances with banks | | |
| - in current account | 34.05 | 120.89 |
| - in other deposit accounts - original maturity of three months or less | 118.14 | - |
| Total | 152.19 | 120.89 |

10 Other bank balances

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|----------------------|----------------------|
| Balances with banks | | |
| - in other deposit accounts - original maturity more than 3 months but less than 12 months | 2,212.84 | 4,712.05 |
| Total | 2,212.84 | 4,712.05 |

11 Other assets

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|----------------------|----------------------|
| Non-current | | |
| Unsecured, considered good | | |
| Capital advances | 0.80 | - |
| Total | 0.80 | - |
| Current | | |
| Unsecured, considered good | | |
| Prepaid expenses | 58.03 | 24.73 |
| Advance salaries to employees | 1.57 | 0.09 |
| Advance to suppliers - considered good | 2.32 | 35.94 |
| GST receivable | - | 45.08 |
| Total | 61.92 | 105.84 |



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12 Equity share capital

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------------|----------------------|
| Authorised share capital 9,02,93,460 Equity Shares of ₹ 10/- each | 9,029.35 | 9,029.35 |
| Issued and subscribed capital comprises: 7,22,19,134 Equity Shares of ₹ 10/- each Fully Paid up | 7,221.91 | 7,221.91 |
| Total | 7,221.91 | 7,221.91 |

12.1 Terms right attached to the equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity share will be entitled to receive any of the remaining assets of the Company, after distribution of all the preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

12.2 Details of shares held by each shareholder holding more than 5% shares

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|--|-----------------------|----------------------------|-----------------------|----------------------------|
| | Number of shares held | % holding of equity shares | Number of shares held | % holding of equity shares |
| Fully paid equity shares | | | | |
| Manpower Solutions Limited (Holding Company) | 64,276,359 | 89.00% | 64,276,359 | 89.00% |
| New Lane Trading LLP | 4,548,532 | 6.30% | 4,548,532 | 6.30% |

13 Other equity

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--------------------------------------|----------------------|----------------------|
| Securities premium | 24,643.61 | 24,643.61 |
| Retained earnings | (1,261.95) | (1,231.33) |
| Share based payments (refer note 32) | 156.72 | 54.86 |
| Total | 23,538.38 | 23,467.14 |

Notes:-

a) Securities premium

Amounts received on issue of shares in excess of the par value has been classified as securities premium. The reserve is available for utilisation in accordance with the provisions of Companies Act, 2013.

b) Retained earnings

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the balance in this reserve and also considering the requirements of the Companies Act, 2013. Thus the amounts reported above are not distributable in entirety. It includes impact of actuarial gains and losses on the funded obligation due to change in financial assumptions, change in demographic assumption, experience adjustments, etc. recognised through other comprehensive income.

c) Share based payments

The reserve related to share options granted by Company to its employee's share option plan. Further information about share based payments to employee is set out in (note 32).



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14 Other financial liabilities

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|-----------------------------------|----------------------|----------------------|
| Accrued compensation to employees | 241.78 | 259.79 |
| Total | 241.78 | 259.79 |

15 Provisions

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------------|----------------------|
| a. Non-Current | | |
| - Provision for gratuity(refer note no.29) | 58.54 | 14.96 |
| Total | 58.54 | 14.96 |
| b. Current | | |
| - Provision for compensated absences | 42.22 | 16.74 |
| Total | 42.22 | 16.74 |

16 Other current liabilities

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|-----------------------|----------------------|----------------------|
| Statutory liabilities | 69.54 | 33.20 |
| Total | 69.54 | 33.20 |





17 Revenue from operations

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|------------------|--------------------------------------|--------------------------------------|
| Sale of services | 1,888.59 | 1,039.08 |
| Total | 1,888.59 | 1,039.08 |

18 Other Income

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Interest on bank deposits | 218.16 | 323.12 |
| Interest on loans from related parties | 15.38 | 51.39 |
| Interest on IT refund | 1.15 | - |
| Other interest income | 1.87 | 1.76 |
| Other Income | 0.70 | - |
| Total | 237.26 | 376.27 |

19 Employee benefits expenses

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Salaries and wages | 1,588.68 | 1,032.76 |
| Contribution to provident and other funds (refer note 29) | 20.27 | 6.07 |
| Gratuity (refer note 29) | 12.15 | 8.00 |
| Staff welfare expenses | 7.98 | 12.22 |
| Expense on employee stock option scheme(refer note 32) | 77.58 | 47.99 |
| Total | 1,706.66 | 1,107.04 |

20 Finance Costs

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Interest expense on lease liability (refer note 27) | 11.20 | 14.10 |
| Interest on statutory liability | 6.82 | - |
| Total | 18.02 | 14.10 |



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21 Depreciation and amortisation expense

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Depreciation of property, plant and equipment | 21.05 | 19.95 |
| Depreciation of right-of-use asset (refer note 27) | 36.14 | 36.24 |
| Amortisation of intangible assets | 5.57 | 4.47 |
| Total depreciation and amortisation expenses | 62.76 | 60.66 |

22 Other expenses

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Auditor's remuneration (refer note 22.1 below) | 13.90 | 14.46 |
| Repairs and maintenance Expenses | 5.56 | 5.77 |
| Insurance | 21.03 | 25.20 |
| Rent | 10.63 | 5.63 |
| Power and fuel | 4.77 | 7.85 |
| Rates and taxes | 0.59 | 0.89 |
| Legal and professional fees | 266.82 | 250.44 |
| Travelling and conveyance | 13.12 | 93.48 |
| Miscellaneous expenses | 37.15 | 38.49 |
| Total | 373.57 | 442.21 |

22.1 Payments to auditors

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|------------------------|--------------------------------------|--------------------------------------|
| a) for statutory audit | 7.50 | 7.50 |
| b) for tax audit | 0.50 | 0.50 |
| c) for other services | 5.90 | 6.46 |
| Total | 13.90 | 14.46 |



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23 Tax expenses

23.1 Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|-----------------------------------|-----------------------------------|
| Profit before tax | (35.16) | (208.66) |
| Income tax rate (incl. surcharge) | 25.17% | 25.17% |
| Income tax expense calculated (incl. surcharge) | (8.85) | (52.52) |
| Effects of expenses that are not deductible in determining taxable profits | 1.72 | |
| On account of Deferred tax | - | |
| Deferred tax asset not recognised (refer note 23.2) | 7.13 | 52.52 |
| Income tax expense recognised in the statement of profit and loss | - | - |

23.2 Deferred Tax

The Company had not recognised deferred tax asset, of ₹ 277.63 lakhs for the year ended March 31, 2021 (Previous year ₹ 295.04 Lakhs), with respect to its tax losses and other temporary differences as it was unable to quantify the probability of its off-set against estimated immediate future profits.

Note:

The Company had elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. The full impact of this change including the remeasurement of the net deferred tax effect basis the rate prescribed in the said section, had been effected for the year ended March 31, 2020

24 Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|-----------------------------------|-----------------------------------|
| (Loss) for the year attributable to owners of the Company | (35.16) | (208.66) |
| Weighted average number of equity shares | 72,219,134 | 72,219,134 |
| Basic and Diluted earnings per share (₹) | (0.05) | (0.29) |

25 Capital commitments:

| Particulars | Amount | |
|--|----------|----------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 3.20 | - |
| Capital commitment for purchase of shares | Note 5.2 | Note 5.2 |

26 The average credit period of trade payables is 30-45 days. No interest is charged by the trade payables.

The Company has not received any intimation from the suppliers regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosure requirement is not applicable under the Act.



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27 Leases

27.1 The effect of depreciation and interest related to Right Of Use Asset and Lease Liability are reflected in the Profit & Loss Account under the heading "Depreciation and Amortisation Expense" and "Finance costs" respectively under note no 21 and 20.

27.2 The weighted average incremental borrowing rate applied to lease liabilities is 10%.

27.3 Following are the changes in the carrying value of right of use assets for the year ended:

| Particulars | Office Space | |
|---|----------------------|----------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Balance as at the beginning of the year | 123.55 | 159.79 |
| Additions | - | - |
| Depreciation | (36.14) | (36.24) |
| Balance as at the end of the year | 87.41 | 123.55 |

27.4 The following is the break-up of current and non-current lease liabilities for the year ended:

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|-------------------------------|----------------------|----------------------|
| Current Lease liabilities | 38.10 | 32.55 |
| Non-current lease liabilities | 64.51 | 102.61 |
| Total | 102.61 | 135.16 |

27.5 The following is the movement in lease liabilities:

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------------|----------------------|
| Balance as at the beginning of the year | 135.16 | 162.73 |
| Additions | - | - |
| Finance cost accrued during the period | 11.20 | 14.10 |
| Payment of lease liabilities | (43.75) | (41.67) |
| Balance as at the end of the year | 102.61 | 135.16 |

27.6 The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|----------------------|----------------------|
| Not later than 1 year | 45.94 | 43.75 |
| Later than 1 year and not later than 5 years | 68.74 | 114.68 |
| Total | 114.68 | 158.43 |

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function.

27.7 Amounts recognised in Statement of profit and loss

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------------|----------------------|
| Depreciation expense on right-of-use assets | 36.14 | 36.24 |
| Interest expense on lease liabilities | 11.20 | 14.10 |
| Expense relating to short-term leases | 10.63 | 5.63 |

The total cash outflow for leases is ₹ 54.38 Lakhs and ₹ 47.30 Lakhs for the year ended March 31, 2021 and 2020, respectively (includes cash outflow from short term and long term leases).



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28 Segment information

The Board of Directors have been identified as the Chief Operating Decision Maker (CODM) as defined by IND-AS 108, Operating Segment. CODM evaluates the performance of Company and allocated resources based on the analysis of various performance indicators of the Company. The CODM has identify "Staffing and allied Service" as operating segment. All the activities of the Company are revolving around Staffing and allied Services. Further the Company operates in one geographical area i.e. India.

Information about major customers

Included in revenues are revenues of approximately ₹ 1,876.09 Lakhs (2019-20: ₹ 1,047.86 Lakhs) which arose from sales to the Company's largest customer. No other single customers contributed 10 per cent or more to the Company's revenue in either 2021 or 2020.

29 Employee benefits

i) Defined Contribution Plan

The Company's contribution to Provident fund and other funds aggregating during the year ended March 31, 2021 is ₹ 20.27 Lakhs and during the period ended March 31, 2020: ₹ 6.07 Lakhs has been recognised in the statement of profit and loss

ii) Defined Benefit Plans

a. Gratuity

The Company has a defined benefit plan (the "Gratuity Plan"). The Gratuity Plan provides a lump sum payment to employees who have completed five years or more of service at retirement, disability or termination of employment, being an amount based on the respective employee's last drawn salary and the number of years of employment with the Company. Presently the Company's gratuity plan is unfunded.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of

(1) Salary risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

(2) Interest rate risk

A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

(3) Longevity risk:

Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

| Particulars | March 31, 2021 | March 31, 2020 |
|-------------------------------------|----------------|----------------|
| (i). Financial assumptions | | |
| Discount rate (p.a.) | 5.42% | 6.41% |
| Salary escalation rate (p.a.) | 5.00% | 7.00% |
| Rate of employee turnover (p.a.) | 20.00% | 10.00% |
| (ii) Demographic assumptions | | |
| Mortality rate | IALM 2012-14 | IALM 2012-14 |

Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows:

| Particulars | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Current service cost | 10.04 | 7.83 |
| Net interest expense | 2.11 | 0.17 |
| Components of defined benefit costs recognised in profit or loss | 12.15 | 8.00 |
| Remeasurement on the net defined benefit liability | | |
| Actuarial (gains)/loss arising form changes in financial assumptions | (2.89) | 1.01 |
| Actuarial gains arising form changes in demographic assumptions | (8.09) | - |
| Actuarial loss arising form experience adjustments | 6.44 | 3.58 |
| Components of defined benefit costs recognised in other comprehensive income | (4.54) | 4.59 |
| Total | 7.61 | 12.59 |

Notes:

- The Current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss.
- The remeasurement of the net define benefits liability is included in other comprehensive income for the year ended March 31, 2021 and for the year ended March 31, 2020.



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29 Employee benefits (Cont.)

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

| Particulars | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Present value of benefit obligation at the end of the year | 58.54 | 14.96 |
| Unfunded status -Surplus | 58.54 | 14.96 |

Movement in the present value of the defined benefit obligation are as follows:

| Particulars | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Opening of defined benefit obligation | 14.96 | 2.37 |
| Current service cost | 10.04 | 7.83 |
| Interest on defined benefit obligation | 2.11 | 0.17 |
| Remeasurements due to: | | |
| Actuarial (gains)/loss arising form changes in financial assumptions | (2.89) | 1.01 |
| Actuarial gains arising form changes in demographic assumptions | (8.09) | - |
| Actuarial loss arising form experience adjustments | 6.44 | 3.58 |
| Benefits paid | (2.15) | - |
| Transfer-in-adjustment | 38.12 | - |
| Closing of defined benefit obligation | 58.54 | 14.96 |

Sensitivity Analysis

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The following table summarizes the possible impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption as follows.

| Principal assumption | Impact on defined benefit | |
|--|---------------------------|------------------------|
| | Increase in assumption | Decrease in assumption |
| a) Discount rate | | |
| As at March 31, 2021 (with 1% Change) | (2.64) | 2.89 |
| As at March 31, 2020 (with 1% Change) | 0.15 | 13.77 |
| b) Salary Escalation Rate | | |
| As at March 31, 2021 (with 1% Change) | 2.87 | (2.67) |
| As at March 31, 2020 (with 1% Change) | 0.16 | 13.76 |
| c) Employee Turnover Rate | | |
| As at March 31, 2021 (with 25% Change) | (2.57) | 2.70 |
| As at March 31, 2020 (with 25 % Change) | 0.14 | 16.19 |

Notes:

i) The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

ii) Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

iii) There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.



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30 Related parties transactions

30.1 Names of the related parties and related party relationships

| Particulars | Relationship |
|--|-------------------------|
| Manpower Solutions Limited | Holding company |
| Innovsource Services Private Limited | Subsidiary company |
| Innovsource Facilities Private Limited | Subsidiary company |
| V5 Global Services Private Limited | Subsidiary company |
| Affluent Global Services Private Limited | Subsidiary company |
| CBSI India Private Limited (w.e.f. September 29, 2020) | Subsidiary company |
| Key Management Personnel | |
| Sudhakar Balakrishnan | Director |
| Bangaru Venkiah Naidu | Non-executive Director |
| Ankur Vidyasagar Gulati | Non-executive Director |
| Manish Mehta | Non-executive Director |
| Niladri Mukhopadhyay | Non-executive Director |
| Nilay Pratik | Non-executive Director |
| Jiten Umesh Poojara | Non-executive Director |
| Satish Srinivasan | Chief Financial Officer |
| Monali Pramod Joshi | Company secretary |

30.2 Details of related party transactions

| Particulars | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Sale of services | | |
| Innovsource Services Private Limited | 1,187.88 | 696.36 |
| V5 Global Services Private Limited | 420.32 | 212.70 |
| Affluent Global Services Private Limited | 267.88 | 138.80 |
| CBSI India Private Limited | 0.14 | - |
| Share based payments | | |
| Innovsource Services Private Limited | 23.08 | 3.94 |
| V5 Global Services Private Limited | 4.50 | 2.56 |
| Affluent Global Services Private Limited | 1.05 | 0.36 |
| Share based payments (forfeiture) | | |
| Innovsource Services Private Limited | 2.35 | - |
| V5 Global Services Private Limited | 0.55 | - |
| Affluent Global Services Private Limited | 1.45 | - |
| Legal and professional fees | | |
| Innovsource Services Private Limited | 2.70 | - |
| V5 Global Services Private Limited | 27.27 | - |
| Affluent Global Services Private Limited | - | - |
| Repairs and Maintenance | | |
| Innovsource Facilities Private Limited | 1.13 | 0.35 |
| Repayment of loan given | | |
| Innovsource Services Private Limited | 171.00 | 1,290.00 |
| Innovsource Facilities Private Limited | - | 1.00 |
| V5 Global Services Private Limited | 400.00 | 800.00 |
| Interest Income on unsecured loan | | |
| Innovsource Services Private Limited | 4.88 | 15.39 |
| V5 Global Services Private Limited | 10.50 | 36.00 |
| Loan given | | |
| Innovsource Services Private Limited | - | 1,290.00 |
| V5 Global Services Private Limited | - | 800.00 |
| Interest accrued but not due | | |
| Innovsource Services Private Limited | - | 1.27 |
| Loan taken and repaid during the year | | |
| V5 Global Services Private Limited | 400.00 | - |
| Reimbursement of Expenses | | |
| V5 Global Services Private Limited | - | 8.48 |
| Satish Srinivasan | 2.56 | 2.59 |
| Sudhakar Balakrishnan | 4.69 | 1.06 |
| Remuneration* | | |
| Monali Pramod Joshi | 6.92 | - |
| Satish Srinivasan | 92.72 | 101.87 |
| Sudhakar Balakrishnan | 142.93 | 143.21 |



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30 Related parties transactions (Cont.)

| 30.3 Details of related party closing balances | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Trade receivable | | |
| Innovsource Services Private Limited | 85.31 | 171.66 |
| Affluent Global Services Private Limited | 81.34 | 1.59 |
| V5 Global Services Private Limited | 32.91 | 0.25 |
| CBSI India Private Limited | 0.15 | |
| Trade payable | | |
| Innovsource Services Private Limited | 5.19 | - |
| Innovsource Facilities Private Limited | 3.61 | 0.42 |
| V5 Global Services Private Limited | 31.51 | |
| Loan given | | |
| Innovsource Services Private Limited | - | 171.00 |
| V5 Global Services Private Limited | - | 400.00 |
| Other financial assets | | |
| Innovsource Services Private Limited | 20.72 | 3.94 |
| V5 Global Services Private Limited | 3.95 | 2.56 |
| Affluent Global Services Private Limited | (0.41) | 0.36 |
| Interest Accrued | | |
| Innovsource Services Private Limited | - | 1.28 |
| Accrued compensation to employees | | |
| Satish Srinivasan | - | 27.97 |
| Sudhakar Balakrishnan | - | 59.14 |

* The above Managerial remuneration excludes value of gratuity and compensated absences since the same is ascertained on aggregated basis for the company as a whole by the way of actuarial valuation and separate values attributable to key managerial person are not ascertained.



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31 Financial instruments

31.1 Financial instruments by category

The carrying value and fair value of financial instruments by categories are as follows:

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------------|----------------------|
| Financial assets measured at amortised cost | | |
| Non-Current | | |
| Loans and advances | 175.00 | 571.00 |
| Other financial assets | 58.37 | 39.09 |
| Current | | |
| Cash and cash equivalents | 152.19 | 120.89 |
| Bank balance other than Cash and cash equivalents | 2,212.84 | 4,712.05 |
| Trade receivables | 215.38 | 205.61 |
| Other financial assets | 122.41 | 1.27 |
| Financial Liabilities measured at amortised cost | | |
| Non-Current | | |
| Lease liability | 64.51 | 102.61 |
| Current | | |
| Trade payables | 103.63 | 61.00 |
| Other financial liabilities | 241.78 | 259.79 |
| Lease liability | 38.10 | 32.55 |

Note:

The management believes the carrying amounts of financial assets and financial liabilities measured at amortised cost approximate their fair values.

31.2 Capital management

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt offset by cash and bank balances and total equity of the Company.

31.3 Financial risk management objectives

The company monitors and manages the financial risks to the operations of the Company. These risks include Credit risk, Liquidity risk and Market risk.

A. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Company uses its own trading records to rate its major customers. The Company's exposure to financial loss from defaults are continuously monitored.

B. Liquidity risk

Liquidity risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash to meet obligations when due.

The Company continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities.




31 Financial instruments (Cont.)

31.3 Maturities of financial liabilities

Table showing maturity profile of non-derivative financial liabilities:
 (Excludes maturity analyses of lease liabilities which has been disclosed in Note 27 of the financial statements)

| Particulars | Upto One year | 1-5 years | Total |
|-----------------------------|---------------|-----------|---------------|
| March 31, 2021 | | | |
| Trade payables | 103.63 | - | 103.63 |
| Other financial liabilities | 241.78 | - | 241.78 |
| March 31, 2020 | | | |
| Trade Payables | 61.00 | - | 61.00 |
| Other financial liabilities | 259.79 | - | 259.79 |

The above table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The contractual maturity is based on the earliest date on which the Company may be required to pay.

C. Market risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk. In the normal course of business and in accordance with our policies, we manage these risks through a variety of strategies.

i). Currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is domiciled in India and has its revenues and other major transactions in its functional currency i.e. INR. Accordingly the Company is not exposed to any currency risk.

ii). Interest rate risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk is not applicable to company since their are no external borrowings.



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32 Employee Stock Option Scheme (ESOS)

The Company wide meeting dated April 03, 2019 held by the Board of Governance and Remuneration Committee, has during the year ended March 31, 2021 granted 3,82,976 (Previous year ended March 31, 2020 - 2,93,572) stock options under the scheme - First Meridian Business Private Limited - Employee Stock Option Scheme 2019 (ESOP 2019) to the eligible employees of the company. The options allotted under the scheme are convertible into equal number of equity shares of the face value of ₹ 10 each. The scheme shall be implemented through the ESOP Trust. The ESOP Trust shall be authorized to acquire equity shares of the Company. The Company is in the process of formation of the Trust in this regard.

Each Option entitles the holder thereof to apply for and be allotted one equity share of the Company of ₹ 10 each upon payment of the exercise price during the exercise period. The option would vest in 3 annual installments after one year of the grant. The exercise period commences from the date of vesting of the options and expires at the end of six years from the date of grant and would not exceed 3 years from the date of vesting in respect of Options granted under the Scheme.

The vesting period for conversion of Options is as follows:

| | |
|---|-----------|
| On completion of 12 months from the date of grant of option | 33% vests |
| On completion of 24 months from the date of grant of option | 33% vests |
| On completion of 36 months from the date of grant of option | 34% vests |

The fair value of the share options is estimated at the grant date using Black and Scholes Model, taking into account the terms and conditions upon which the share options were granted.

There were no modifications to the awards during the year ended March 31, 2021 and March 31, 2020. As at the end of the financial year, details and movements of the outstanding options are as follows:

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|---|----------------------|-------------------------------------|----------------------|-------------------------------------|
| | No. of Options | Weighted average exercise price (₹) | No. of Options | Weighted average exercise price (₹) |
| Options granted under ESOS | | | | |
| Options outstanding at the beginning of the year | 293,572 | 46.88 | - | - |
| Options granted during the year | 382,976 | 46.17 | 293,572 | 46.88 |
| Options forfeited during the year | 15,312 | 46.74 | - | - |
| Options outstanding at the end of the year | 661,236 | 46.47 | 293,572 | - |
| Options exercisable at the end of the year | - | - | - | - |
| Range of exercise price of outstanding options (₹) | - | - | - | - |
| Remaining contractual life of outstanding options (years) | 6 | | 7 | |

The fair value of option is estimated on the date of grant based on the following assumptions:

| Particulars | ESOS | |
|-----------------------------|----------------------|----------------------|
| | On the date of Grant | On the date of Grant |
| | Tranche 2 | Tranche I |
| Dividend yield (%) | 0% | 0% |
| Expected life | 7 | 7 |
| Risk free interest rate (%) | 6.20% | 6.98% |
| Volatility (%) | 51.00% | 35.68% |
| Fair Value* | 46.17 | 46.88 |

*The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The volatility is based on the historical share price over a period similar to the expected life of the options.

33 The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and other assets. In assessing the recoverability of the assets, the Company has considered internal and external sources of information, available as at the date of approval of these financial statements, including subsequent recoveries, credit risk profiles, etc. Based on the above assessment, the Company is of the view that the carrying amounts of the assets will be realized. The impact of COVID-19 on the Company's financial statements may be different from that estimated as at the date of approval of these financial statements, and the Company will continue to closely monitor the developments.

34 There are no events after balance sheet date.

For and on behalf of the Board of Directors of
First Meridian Business Services Private Limited

Sudhakar Balakrishnan
Director
DIN - 0062956

Nilay Pratik
Director
DIN - 07692750

Satish Srinivasan
Chief Financial Officer

Monali Parmod Joshi
Company Secretary

Date: September 29, 2021
Place: Mumbai

